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Sulphur Springs Valley Electric Cooperative, Inc. RECEIVED

311 East Wilcox Drive
Suite 203
Sierra Vista, Arizona 85635
(520) 458-4691
Fax (520) 458-6860

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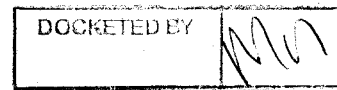
May 13, 2009

Arizona Corporation Commission
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Commissioner Paul Newman
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007 - 2596



Re: *April 24, 2009 Letter Regarding Extension Policy*
Docket No. E-01575A-08-0328

Dear Commissioner Newman:

Pursuant to your April 24, 2009, letter to Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") in the above-referenced docket, SSVEC hereby provides the following information in response:

1. What cost would consumers incur if the Commission were to limit the free footage extension to 500 feet instead of the 1,000 feet?

SSVEC does not offer 1,000 feet of free line extensions. Our current policy provides for a \$1,750 credit for residential line extensions and refundable aid to construction contracts for developers whereby refunds are provided when new homes are occupied and become hooked into the grid. The following table shows the cost to consumers and other cooperative members under our current and proposed line extension policy:

	Cost to Homeowner	Cost to Other Members	Total Cost
Existing Policy	3,448	12,437	\$15,885
Proposed Policy	\$15,885	\$ 0	\$15,885

2. How many requests for free footage did Sulphur Springs Valley Electric Cooperative receive over the last five years, by year?

SSVEC had 5,500 requests for service over the past five years or approximately 1,100 annually.



3. How many of the requests came from out-of-state landowners?

SSVEC does not maintain this information, and we are not able to provide an answer to this question.

4. How many of the requests were from developers as opposed to homeowners?

Approximately 40 requests were received from subdivision developers in the past five years. There were considerably more wildcat developers, but we have no readily available data on the exact number. A wildcat development is one that avoids the county subdivision requirements by limiting the number of parcel splits to five or less per applicant. SSVEC had 5,500 requests for service over the past five years or approximately 1,100 requests per year.

It should be noted that during SSVEC's last debt financing proceeding before the Commission in November 2007 that resulted in Decision 70032, there was discussion at the Open Meeting of "growth paying for growth." While the specific discussion related to hook up fees, the same principles seemed to apply to line extensions as well. Some of the Commissioners strongly suggested that we incorporate a policy of growth paying for growth into our next rate case. Accordingly, this is what we have incorporated into our proposed service conditions, and we understand that other Arizona electric utilities have already done this at the urging of the Commission.

Respectfully,



Kirby Chapman
Chief Financial Officer

cc: Docket Control (Original plus 13 copies)
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